

**TITLE 50 DEPARTMENT OF LOCAL GOVERNMENT
FINANCE**

NOTE: Under IC 6-1.1-31-1, the name of the State Board of Tax Commissioners is changed to Department of Local Government Finance, effective January 1, 2002.

Final Rule
LSA Document #00-283

DIGEST

Adds 50 IAC 14 to establish equalization standards. Effective 30 days after filing with the secretary of state.

50 IAC 14

SECTION 1. 50 IAC 14 IS ADDED TO READ AS FOLLOWS:

ARTICLE 14. EQUALIZATION STANDARDS

Rule 1. Purpose and Applicability

50 IAC 14-1-1 Purpose

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. The purpose of this rule is to establish procedures and standards to be used by county assessors and the department of local government finance in the adjustment of assessed valuations under IC 6-1.1-13 to attain a just, equal and uniform basis and level of assessment among taxpayers in a county and from county to county. *(Department of Local Government Finance; 50 IAC 14-1-1)*

50 IAC 14-1-2 Applicability

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13-6; IC 6-1.1-14-5

Sec. 2. This rule applies to a county assessor and the department of local government finance exercising authority under IC 6-1.1-13-6 or IC 6-1.1-14-5 to equalize assessed values in and between the various townships of a county. *(Department of Local Government Finance; 50 IAC 14-1-2)*

Rule 2. Method

50 IAC 14-2-1 Method

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. County assessors and the department of local government finance may use any method or combination of methods acceptable under the Standard on Ratio Studies published by the International Association of Assessing Officials, July 1999 (IAAO standard), which is hereby incorporated by reference and does not include any later amendments or editions, to perform the tasks mandated by this article. Copies of the 1999 IAAO Standard on Ratio Studies are available for purchase from the International Association of Assessing Officers, 130 East Randolph, Suite 850, Chicago, Illinois 60601-6217. Unless otherwise indicated, the definitions in the glossary section of the IAAO standard apply to all terms defined in the IAAO standard that are used in this article. *(Department of Local Government Finance; 50 IAC 14-2-1)*

Rule 3. Data

50 IAC 14-3-1 Data

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. (a) County assessors shall use sales of properties occurring between January 1, 1998, and December 31, 1999, in performing sales ratio studies under this article.

(b) If insufficient sales data satisfying the IAAO standard is available, county assessors may use data from earlier or more recent time periods, or both, adjusting the data as described in the IAAO standard. If a county assessor wishes to use a method for adjusting sales data that is not permitting by the IAAO standard, the county assessor shall obtain prior written approval from the director of the division of data analysis of the department of local government finance for that alternative method for adjusting more recent sales data.

(c) If data other than described in subsection (a) or (b) are used, the county assessor shall explain in writing to the director of the division of data analysis of the department of local government finance the reasons for using other data.

(d) If adequate sales data satisfying the IAAO standard is not available, other methods for testing the validity of the assessment prescribed by the IAAO standard may be used. (*Department of Local Government Finance; 50 IAC 14-3-1*)

Rule 4. Time

50 IAC 14-4-1 Time

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. (a) County assessors shall perform equalization compliant with this article and provide the results specified in 50 IAC 14-6 and the data specified in 50 IAC 14-9 to the department of local government finance before tax bills are sent based on values generated by a general reassessment.

(b) If any equalization factor required by Rule 14-6 is not reflected in the notice of valuation sent to the taxpayer (Form 11), the equalization factor must be advertised by the county assessor in the manner required by IC 6-1.1-13-7. (*Department of Local Government Finance; 50 IAC 14-4-1*)

Rule 5. Mandatory Analysis

50 IAC 14-5-1 Classes of land

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13

Sec. 1. (a) For each township in a county assessor's county, the county assessor shall calculate an assessment ratio for each of the following classes of property:

- (1)** Improved residential.
- (2)** Unimproved residential.
- (3)** Improved commercial.
- (4)** Unimproved commercial.
- (5)** Improved industrial.
- (6)** Unimproved industrial.
- (7)** Agricultural land.

The definitions for the terms used in the classifications listed in this subsection shall be as stated in Real Property Assessment Guidelines for 2002-Version A (Glossary), as incorporated by reference in 50 IAC 2.3-1-2(c).

(b) Before performing any equalization study under this rule, the county assessor shall add back the value of the shelter allowance computed under the 2002 Real Property Assessment Manual to any parcel to which the shelter allowance has been applied.

(c) A county assessor may separately calculate an assessment ratio for agricultural homesites, separate from agricultural land. A county assessor may also include agricultural homesites in an appropriate residential assessment ratio, at the county assessor's option.

(d) If any of the classes of property listed in subsection (a) consists of fewer than twenty-five (25) parcels in a township, no assessment ratio is required to be calculated for that class in that township.

(e) In calculating assessment ratios, each county assessor shall disregard distributable utility property. The county assessor shall classify locally assessed utility real property according to its use, for example, commercial or industrial, for purposes of calculating assessment ratios. (*Department of Local Government Finance; 50 IAC 14-5-1*)

50 IAC 14-5-2 Assessment ratio; requirements

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13

Sec. 2. (a) Except for agricultural land, each assessment ratio shall be calculated based on an appropriate number of verified sales as determined by the International Association of Assessing Officials (IAAO standard). If an insufficient number of verified sales is available to calculate a ratio, another method acceptable under the IAAO standard shall be used to calculate the ratio.

(b) For agricultural land, the county assessor shall perform an assessment-assessment ratio study in accordance with the IAAO standard.

(c) Ratios shall be calculated to the .95 confidence level whenever possible. If results are calculated to a lower confidence level, that level shall be reported to the department of local government finance. (*Department of Local Government Finance; 50 IAC 14-5-2*)

50 IAC 14-5-3 Provision of information to department of local government finance; verification

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 3. (a) After the required data computations are compiled for every township in a county, the county assessor shall forward the results of those computations, the computations themselves, and all information used to make the computations (including all sales and assessment information) to the division of data analysis of the department of local government finance (division) in the format described in 50 IAC 14-9.

(b) The division will review and verify the accuracy of the computations. If errors are found in the computations, the division will notify the county assessor, who shall correct all errors. Once all errors are corrected, the county assessor shall forward the corrected computations to the division of data analysis for verification. When this verification is complete, the division will notify the county assessor. (*Department of Local Government Finance; 50 IAC 14-5-3*)

Rule 6. Mandatory Application of Factor

50 IAC 14-6-1 Provision of information to department of local government finance

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. (a) If the median ratio calculated for any class in a township, as verified by the division of data analysis of the department of local government finance, falls outside the range specified in the International Association

of Assessing Officials standard, the county assessor shall apply the factor required to bring the median ratio to one (1.0).

(b) If the county assessor believes that reasons exist why no factor, or a factor other than that required to bring the median ratio to one (1.0), should be applied in a particular township, the county assessor shall immediately notify the commissioner of the department of local government finance in writing of those reasons and request permission to take action other than that mandated in the preceding subsection or to take no action.

(c) The commissioner shall act on the request within thirty (30) days of receiving the request. In response to a county assessor's request for permission to take action other than that mandated in subsection (a), the commissioner may:

- (1) require the county assessor to take the action mandated in subsection (a);
- (2) permit the action requested by the county assessor; or
- (3) require the county assessor to take other action short of that required in subsection (a).

(Department of Local Government Finance; 50 IAC 14-6-1)

Rule 7. Reassessment

50 IAC 14-7-1 Reassessment

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. (a) If the coefficient of dispersion for any class in a township, as verified by the division of data analysis of the department of local government finance, falls outside the range specified in the International Association of Assessing Officials standard (fifteen (15.0) for residential improved property; twenty (20.0) for all other classes), the county assessor shall direct the township assessor to reassess the class in that township.

(b) If the county assessor believes that reasons exist not to reassess a class in a particular township under subsection (a), the county assessor shall immediately notify the commissioner of the department of local government finance in writing of those reasons and request permission to take action other than that mandated in the preceding subsection or to take no action.

(c) The commissioner shall act on the request within thirty (30) days of receiving the request. In response to a county assessor's request for permission to take action other than mandated in subsection (a), the commissioner may require the county assessor to take the action mandated in subsection (a), may permit the action requested by the county assessor, or may require the county assessor to take other action short of that required in subsection (a). *(Department of Local Government Finance; 50 IAC 14-7-1)*

Rule 8. Transfer of Data to Department of Local Government Finance

50 IAC 14-8-1 Transfer of data

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. County assessors shall forward to the department of local government finance electronic spreadsheets that contain all data used to calculate a coefficient of dispersion and median ratio for each township. The data the county assessor provides must, at a minimum, include the following information for each property used to calculate the coefficient of dispersion and median ratio:

- (1) Parcel number.
- (2) Assessed value of land.
- (3) Assessed value of improvement before applying shelter allowance.
- (4) Date of sale.
- (5) Sale price.
- (6) Township.

- (7) School corporation.
- (8) County taxing district number.
- (9) Department of local government finance taxing district number.
- (10) Condition rating.
- (11) Grade.
- (12) Neighborhood -code.
- (13) Property class code.

(Department of Local Government Finance; 50 IAC 14-8-1)

Rule 9. Action by Department of Local Government Finance

50 IAC 14-9-1 Action

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. In the event that a county fails to perform the actions required by 50 IAC 14-6 through 50 IAC 14- 8 and this rule by the deadlines set in this article, the department of local government finance may perform those actions. In doing so, the department of local government finance shall use data in its possession or data provided by the county assessor, whether or not that data conforms to 50 IAC 14-3. *(Department of Local Government Finance; 50 IAC 14-9-1)*

Rule 10. County and State Equalization by Department of Local Government Finance

50 IAC 14-10-1 County and state equalization

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14-4; IC 6-1.1-14-9

Sec. 1. Using the data described in 50 IAC 14-8 and 50 IAC 14-9, the department of local government finance may propose to equalize valuations in any county, between counties, or in the state as a whole, in any one (1) or more of the classes of property listed in 50 IAC 14-5. The department of local government finance shall issue notice and provide opportunity for hearing in accordance with IC 6-1.1-14-4 and IC 6-1.1-14-9, as applicable, before issuing a final equalization order. *(Department of Local Government Finance; 50 IAC 14-10-1)*

Signature page for:

FINAL RULE
LSA Document # 00-283

The foregoing final rule was approved by the Commissioner and the Rules Adoption Committee of the Department of Local Government Finance by a vote of 3-0 at a public meeting of the Department of Local Government Finance convened at 11:00 a.m. on May 22, 2002.

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

Jon Laramore, Chairman

Date

ATTEST:

Lisa Acobert, Deputy Commissioner

Date

APPROVED AS TO LEGALITY:

Stephen Carter, Attorney General

Date

APPROVED:

Frank O'Bannon, Governor

Date

FILED:

Sue Anne Gilroy, Secretary of State

Date